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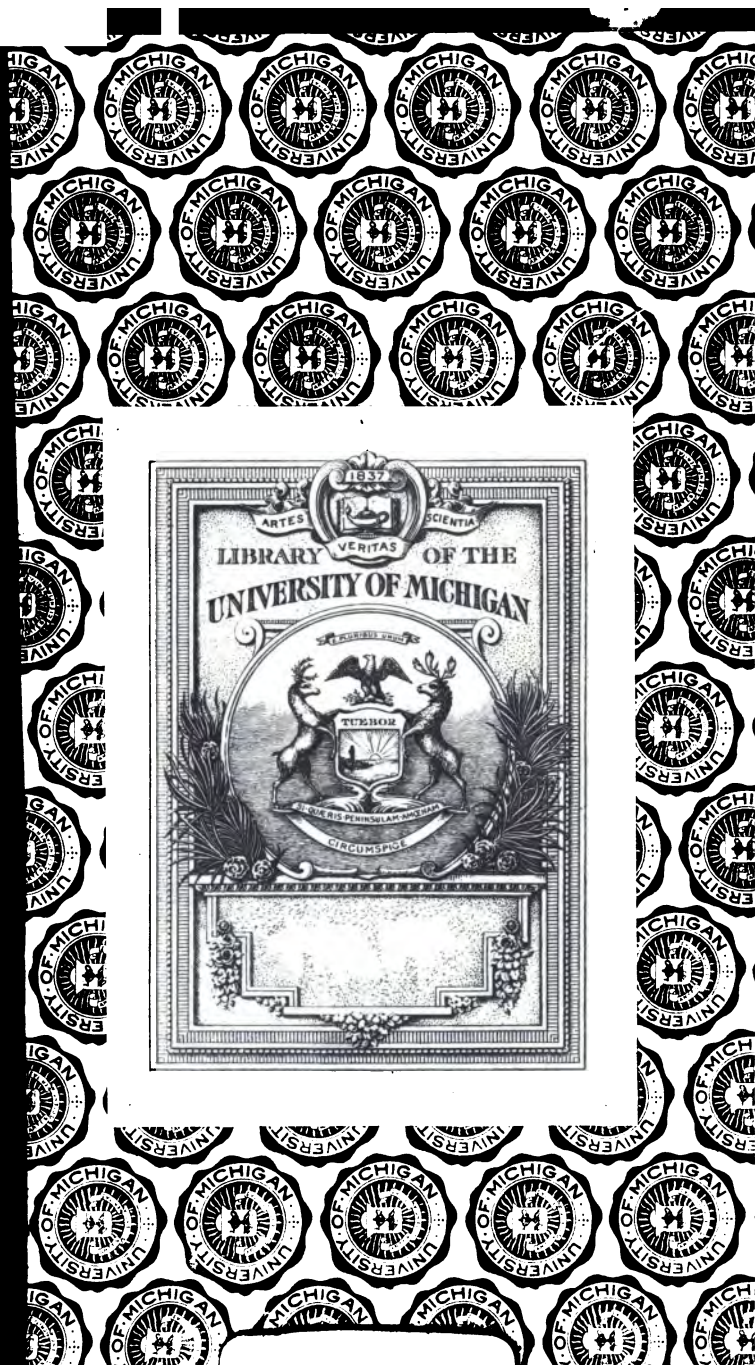
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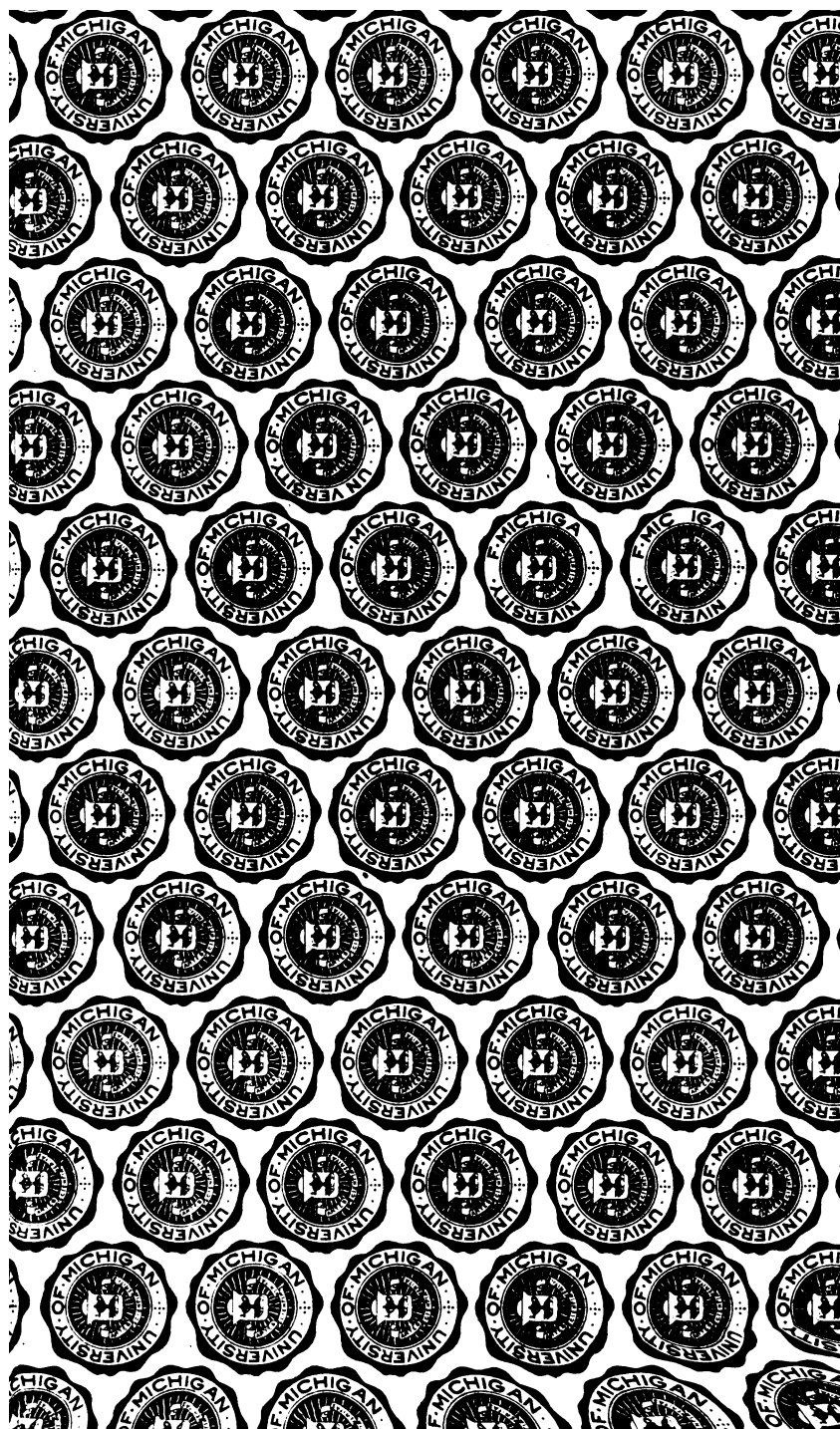
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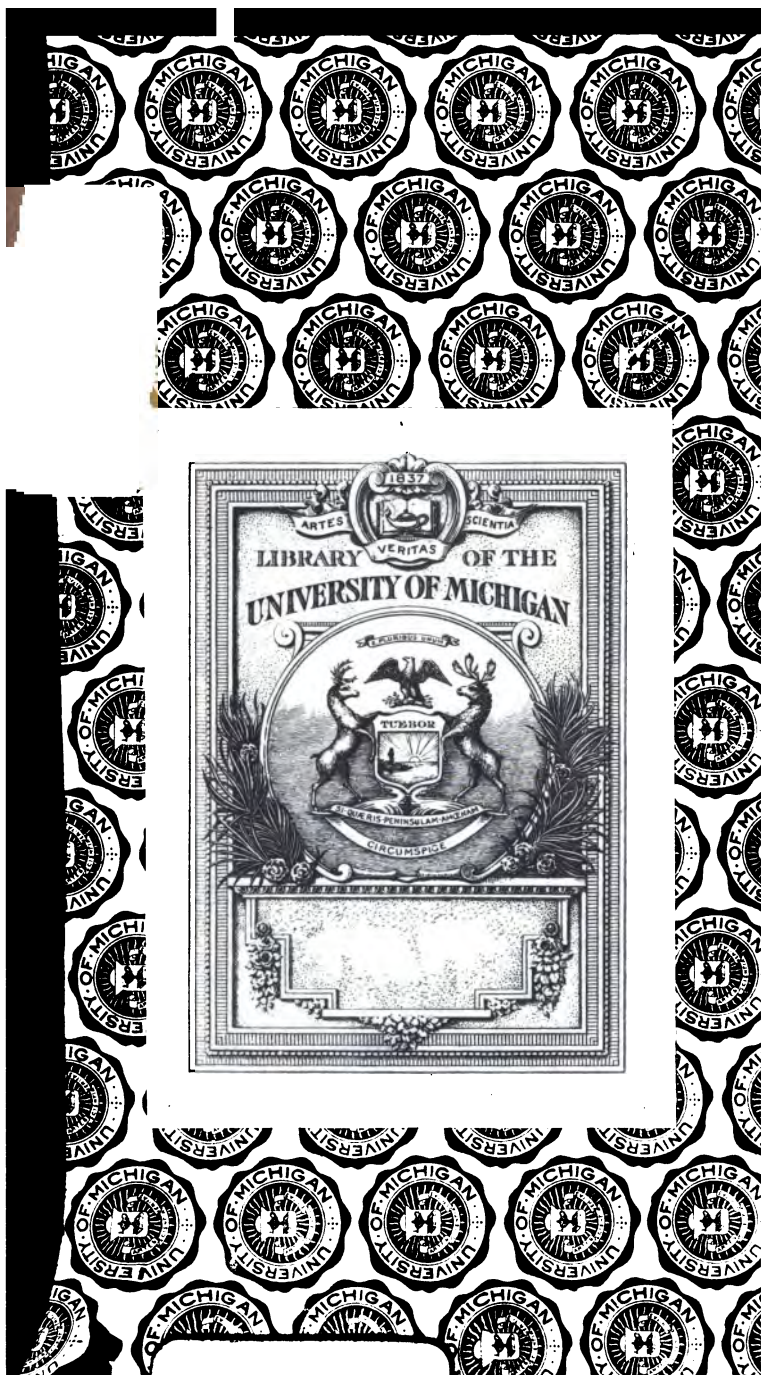
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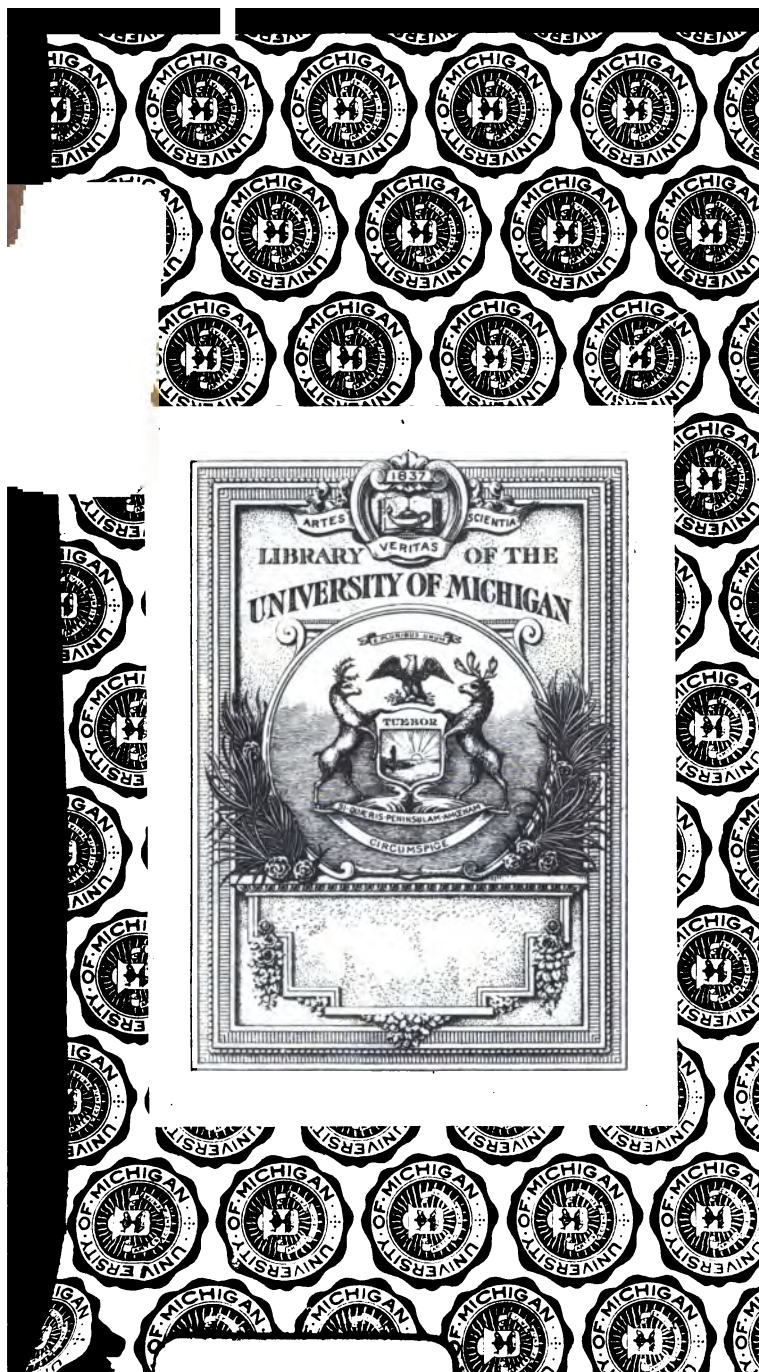
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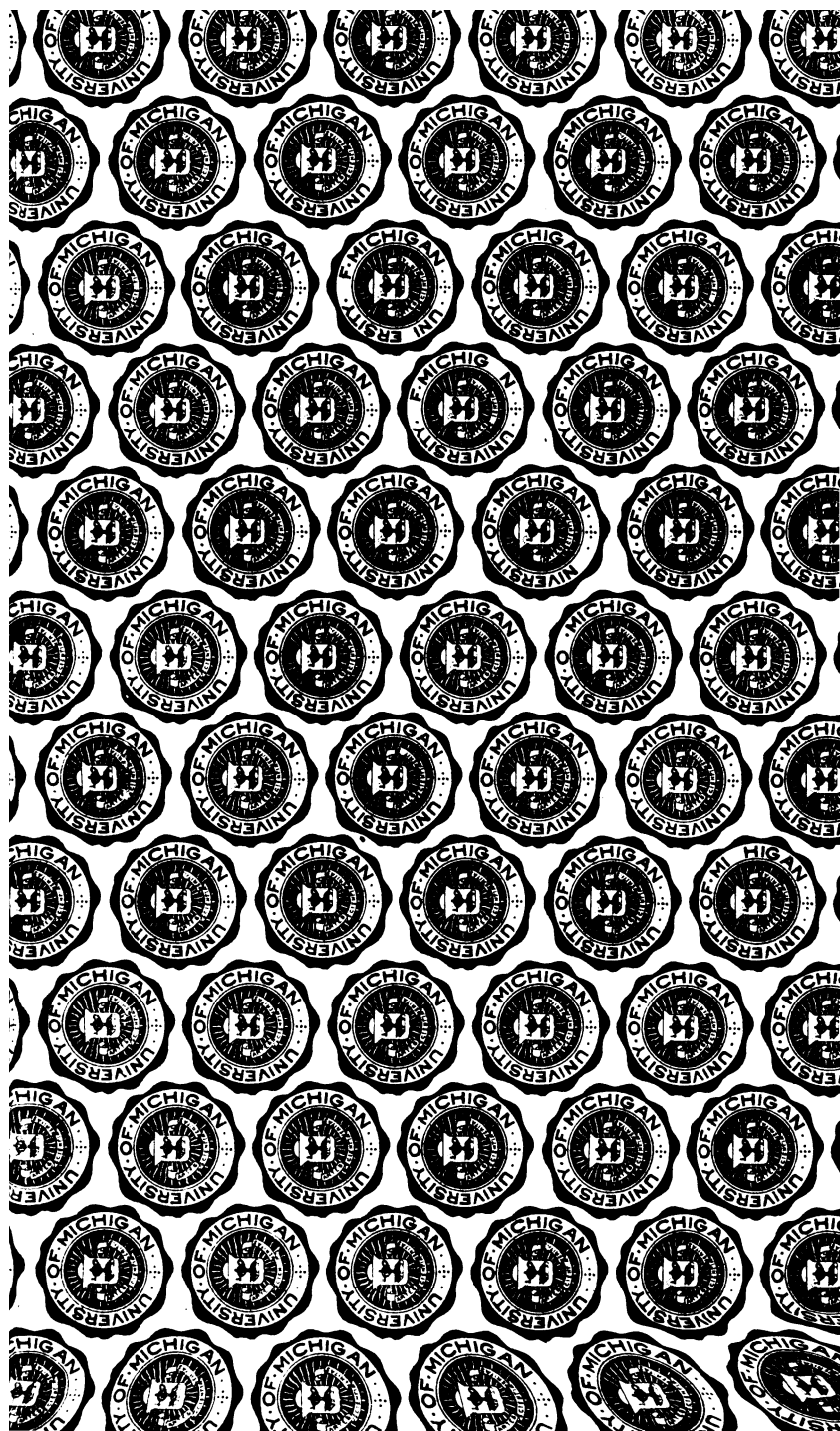














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THOUGHTS

ON THE

STATE OF THE NATION;

OR, THE

REAL SITUATION OF GREAT BRITAIN

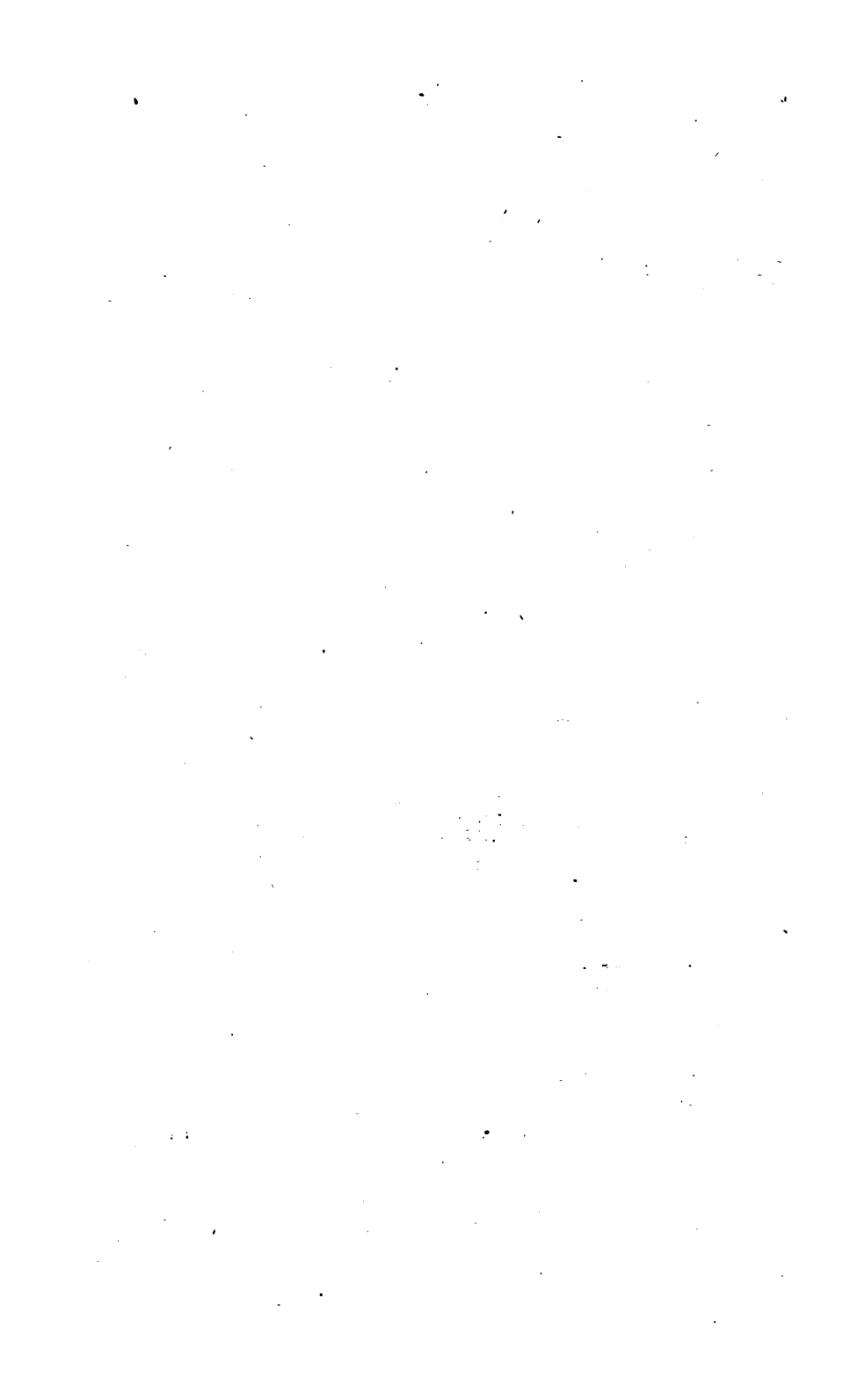
DELINEATED AND DEMONSTRATED.

In pejus ruere et retro sublapsa referri. VIRGIL.

L O N D O N;

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THOUGHTS, &c.

SO subject is the mind of man to error, on all occasions even where its happiness is not at all concerned, whatever opinion it espouses, that we may not be surprised if, where its happiness is actually concerned, it abandons itself with a blind credulity to any grateful delusion.

Now in this country, it is the fortune of almost every individual, from the popular constitution of our government, either directly, by himself, or indirectly, by his representatives, or by some one or other of the very numerous relations by which we are linked in the political chain, to take some part in the administration of the affairs of the state. Accordingly as these affairs are well, or ill conducted, each man, however

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remote his station may be from the scene of action, derives, or seems to derive some personal credit and advantage, or discredit and disadvantage. It becomes then, in a manner, the interest of each man, generally considered, to assume that the affairs of government are well conducted; since in doing so, he consults his ease, contributes to his happiness, and gratifies his vanity: and thus, our general propensity to error is more particularly excited, and called into action, in the judgments which we form concerning political men, and public measures.

Need we go any farther than this tendency of the human disposition, thus particularly excited, to find out the true cause why ministers, however profligate in their maxims, and ignorant in their measures, of government, have obtained at all times, notwithstanding the well grounded jealousy and opposition of a few individuals, the confidence and approbation of a great majority both in doors, and without; and have been able to support themselves through a long scene of iniquity and absurdity, until at length some great public calamity, by an irresistible appeal

peal to the senses of the people, has forced them against their inclination, into a knowledge of their real situation ?

What has so often happened before, may well happen again ; we may place the same confidence in, we may squander the same approbations upon, the ministers of the present, as we have done upon ministers of a former, day ; and the same repentance may follow. We may please ourselves with the gay visions of fancy, and we may suppose upon the affirmation of those persons, whose interest it is to deceive us, as it is our interest in some sort, since our ease and our happiness are connected with it, to be deceived, that national honour, and importance and prosperity, are to be the necessary fruits of their system of administration. And this mode of thinking may become so entirely the fashion, that it shall be deemed an impertinence in any one who shall analyze the real state of the country ; who shall compare the present, with former, situations ; who shall obtrude painful truths, and presume to disturb and displace those pleasant imaginations, which

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have

have so long had complete possession of our minds.

But whatever impertinence thus understood, there may be in an endeavour to dissipate a grateful delusion, that person certainly may challenge some praise, at least from the thinking part, that too small part of the community, who a martyr to the public cause, shall submit to all the scoffs and ridicule which will not fail to attend him, in an attempt from which his most sanguine expectations will not authorise him to hope for immediate success, but which time only, and experience, ever lagging in the rear of things, will justify him in having made.

The following are a few reflections which I mean to submit to the public: Let them take their chance.

It is now more than three years since the public was first flattered with the certain information, that a fund over and above the annual national expenditure, had been provided by the successful efforts of the minister, which was to relieve by a continual, and accumulating operation, the almost intolerable

able weight of debt with which this country is oppressed.

Which of us was there, who did not, when this scheme of national deliverance was unfolded to us in the budget of 1786, hail with acclamations of gratitude, the minister, who had thus provided for our future safety? Did any sceptic in politics presume to doubt of the complete success of the scheme? There was a parliamentary report provided in its favour, in terms sufficiently explicit and strong to convince the incredulous; to determine the wavering, to assure even the confident. Who then could pretend to disbelieve? Besides, the thing itself was so much to be wished for, that our very hopes were ready to give it every confirmation, though proofs of any kind in its favour had been wanting.

But alas! time, which unfolds all things, has unfolded the vanity of our flattering expectations; it is true that from 1786, the time when our prospect first broke upon us, down to the present time, a period of more than three years, more than three millions have been issued and applied to the purchase of stock by the commissioners, and conse-

quently so much of the national debt has been extinguished. But has the money issued for this purpose been derived from a surplus of revenue existing over and above the national expenditure? No: During this very period three millions and seventy-nine thousand pounds, as appears by the printed account submitted to the House of Commons, have been received at the exchequer for the public use, not on account of taxes whose produce is annually renewed, but on account of debts due to the state, which perish in the receiving, and never again can be revived, to make good future deficiencies in the public revenue.

Now if there had, really, been a surplus of a million a year, over and above the annual expenditure, then, during the three years which have passed, three millions would have been paid from such surplus, towards the discharge of the public debt; and three millions and seventy nine thousand pounds more, received on account of debts, and which could not have been otherwise disposed of, would also have been applied to the same purpose, the debt discharged

charged would amount to six millions, and not to three millions. But only three, or perhaps a little more than three millions have been discharged, and we know that the, error a little more than three millions have been received at the exchequer on account of debts due to the state, which could not otherwise be disposed of than to the discharge of the public debt ; the money then which has been issued for buying up stock, has been issued only from that fund, not from any surplus of revenue, which cannot, therefore, have existed at all.

Nor is this all ; during this time a million in exchequer bills has been added to the unfunded debt ; our navy debt is increased ; and in this present year, the seventh of the peace, a thing unexampled in the annals of the country, a new loan is demanded and granted. Now, in the name of wonder, with all these extraordinary assistances by what management has the minister contrived to discharge only three millions of the public debt ? Shall we not request and intreat that he will pay no more, if he pays it upon such terms as these ? *Non tali auxilio*

tempus eget. But if we suppose that we have now done with loans, and that it will not be necessary to make application to parliament next year, for another tontine, we deceive ourselves very much. The reason alledged by the minister for the loan of the present year, was the great unforeseen expenditure which had taken place, and which had not, nor could not, be taken into account by any human providence. This unforeseen expenditure has amounted 550,000*l.* Now 550,000*l.* of unforeseen expenditure would doubtless, be a sufficient cause for a specific provision of 550,000*l.* But by what logic can it be proved, that it is a sufficient cause for a specific provision of a million? Besides, when we recollect that the whole of this unforeseen expenditure arose not in the last, but in the year before the last, year, not in any time in 1788, but in some time in 1787, though we should admit that this would furnish a sufficient cause for a loan in 1788, which was the year after the expenditure took place, we certainly should be under no necessity of granting that it would be any cause at all for a loan in 1789. But the
. minister

minister informed us in 1788, and what popularity did he not acquire by it? that such was the flourishing state of the revenue, that notwithstanding the unforeseen expenditure in 1787, yet there was no occasion for an application to parliament for any extraordinary aid, even upon that account.

Upon the minister's own shewing, therefore, there has been no occasion for any loan at all. There was no occasion for it the year after the exigency had occurred; how then should there be any occasion for it the year after that? As well might we expect claims to be set up, and extraordinary aids to be demanded from parliament, for services, whereof, not even the memory has been preserved. How then shall we reconcile the minister's practice with his professions? Shall we still be satisfied to tread in the same eternal circle of delusion? Shall we perish in the dark, when it requires no divinity to dispel the mist from our eyes?

But, since in spite of the minister's professions to the contrary, at a time, when the reasons which are now assigned for it, might have been assigned with a very good grace, a loan

has

has been demanded this year, we have good right to expect, judging from analogy, that another loan of a million will be demanded next year, even though he should be hardy enough to deny, now, the necessity, which is but too apparent, for such further expedient. We shall thus, systematically pay a million every year, and borrow a million every year; and this scheme of finance will resemble as to its effectual operation, the definitions of the logicians, who being asked what is the meaning of one word, define it by some other word; but being again asked what is the meaning of this other word, can give no definition of it, but by the same word for which it before had served for a definition itself; so we shall go on paying one debt, by making another debt just of an equal value; and of the nation paying its debts, and of the person getting his definition, in this manner, it will be difficult to determine which shall be more knowing, or which shall be out of debt, the soonest.

But whether any thing has, or has not been hitherto done for the national benefit, in establishing a surplus of revenue, as indeed

deed it were not the labour of a minutes reflection to discover that nothing has been done, is a point which I do not wish very much to insist upon. We may correct in our future, what has been ill in our former conduct. If the general state of the nation is favourable ; if just maxims are adopted, and wholesome measures, of government, are pursued ; if the trade and commerce of the nation upon, which its wealth and prosperity essentially depend, flourish ; and above all, *if the capital of the country* increases, taxes will not be wanting to supply the exigencies of the state, if vigour be not wanting to impose them, and discretion to adapt them to their proper objects. But if all this should not be the case, and whether it is or not, is an inquiry which I mean as briefly as I can to go upon, stating my reasons for whatever opinion I shall advance upon the subject, then new taxes will not only be wanting to the state, but the produce of the old ones will be degraded ; and it will be necessary every year to reimpose the same objects, to render the taxes upon them equally productive, every year.

Now

Now there is one very certain mode of estimating the real state of a country, whether prosperous or not ; this is by the state of the consumption of the people.

There is no object of domestic consumption, there is nothing that we eat, drink, or wear, some things immediately, some mediately ; some in a single, some in twenty different ways, which does not pay a certain portion of the price it costs, to the revenue. All these objects according to the present constitution of the revenue, are taxed chiefly to the excise, which operates upon them either in the hands of the consumer himself, and then it is properly and directly a tax upon consumption, or else in the hands of the dealer, from whom the consumer immediately purchases.

But the dealers from whom the consumer purchases, must know, if they know any thing, the extent of their respective trades, and what, or much about what, the consumption of their customers is likely to be, in any given time ; they take care then to buy no more, and consequently to pay excise upon no more, than what will suit such consumption ;

sumption ; the taxes then paid by the dealer are also taxes upon consumption, which is certain to follow, presently, the payment of them ; therefore the taxes paid to the excise, measure very exactly the consumption of the people.

Now, the consumption of the people can, in general, operate only on the produce of the country : whatever may be the state of the consumption, whether it is increasing, stationary, or declining, the same will be the state of the produce ; increasing, stationary, or declining ; so as to suit itself as exactly, or as nearly, as possible, to that which, when it operates in a greater, or in a less degree, renders its own existence necessary, in a greater, or in a less degree.

But, it has been proved that the taxes, particularly those paid to the excise, measure exactly the consumption ; and that the consumption measures pretty exactly the produce of the land and labour of a country. The amount of the taxes therefore, particularly those paid to the excise, measures pretty exactly the produce of the land and labour, the only true wealth, of a country.

country. And as these taxes increase, or as they remain the same, or diminish, from year to year, in any state, so may the condition of that state be justly presumed to be advancing, stationary, or declining.

In this argument I wish carefully to separate the productiveness, or any defect in the productiveness, of the duties paid to the customs, from being any criterion of the situation of a nation. If merchants, in consequence of some particular event, choose to trade beyond what prudence and discretion would justify them in doing, and which large capitals frequently furnish the means, and an adventuring spirit the inducement, to do ; it is very certain that the amount of the duties they will pay to the customs will vary very much from year to year, and the actual consumption of the objects of these duties shall remain exactly the same, from year to year. These duties are paid not upon consumption, but upon speculation of consumption, which may take place at any indefinite period of time ; whereas, as I have before observed, the taxes paid to the excise being paid by the
retailer,

retailer, who if he knows any thing, must know the demand of his shop, and who is not under any temptation from the very nature of his trade, any more than he would have the ability from the stint of his capital, to exceed that demand, are paid as it were only at the very moment when the demand takes place, and therefore are almost as directly taxes upon consumption, as if they were paid by the consumer himself.

All this being admitted, as I do not see how it can possibly be disputed, it will follow, that if we wish to inform ourselves of what advances a nation makes in prosperity, how far the produce of its land and labour increases, or is like to increase from year to year ; how far taxes will grow more productive, and the state more able to maintain its dignity abroad, and to secure plenty and happiness at home ; I say, if we wish to inform ourselves of these very proper objects of curiosity, we should examine very attentively from year to year into the amount of those taxes, which are derived immediately from the annual consumption
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of the great body of the people. If this amount increases, as it should do in time of peace, as I shall endeavour to prove by and bye, unless interrupted by some great and apparent calamity, we may rest satisfied, whatever gloomy politicians may take upon them to predict, with our actual situation; if it diminishes, or even if it continues the same for any time, we have a right, whatever ministers, or those who are connected with ministers, may tell us, to entertain very serious apprehensions concerning our situation; and it is the duty of every good citizen to endeavour to discover the cause of, in order that we know how to apply a remedy to, an evil, which if permitted, by neglect, to gather strength, and to take root in the habit, will baffle every effort which may at length be used, when it shall be too late, to extirpate it.

Now, that we may come to the point, let us consider what was the comparative amount of the duties paid to the excise in the two last years.

The duties paid to the excise between the 5th of April 1787, and 5th of April 1788,
amounted

amounted to 6,368,189l. 3s. 8d. but the duties paid to the excise between the 5th of April 1788, and the 5th of April 1789, amounted to 6,068,295l. 8s. 2d. then the duties paid in the latter year have fallen short in the very enormous sum of 299,893l. 7s. 6d. But I have before shewn that this species of revenue is levied upon the actual consumption of the country, in which it differs from the custom-house revenue, which is levied always at a great distance, as it were from the consumer, and sometimes only upon speculations of consumption, which perhaps may not take place at all; it follows then that this deficiency of 300,000l. I use the round numbers, in the amount of the taxes of 1789, being a deficiency proper to those taxes which are levied on consumption, the consumption of the country has been less in the latter, than it was in the former, year, by so much consumable produce, as if actually consumed would have augmented the revenue in the very enormous amount of 300,000l. What the gross value of so much produce might be, it would not be very easy to estimate.

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When the minister, therefore, stated the overtrading of our merchants between 1787 and 1788, in consequence of some commercial regulations, particularly the commercial regulations with France, which had just before taken place, as a probable cause of the deficiency in the amount of the taxes of last year, by swelling the revenue of the preceding year beyond its natural bounds, he stated that which he could have wished, as every one would wish it, to be the cause, but which a very little consideration of the nature of the deficiency would convince him, was not so.

For, if the overtrading of our merchants had really been the cause of it, the deficiency in the taxes of last year would have manifested itself in that part of the revenue only which is derived from the customs. A great importation would have taken place in the preceding year, and a great amount of duties would have been paid at that time to the customs: but this importation being greater than the demand of the year, and much remaining undisposed of at the close of it, the importation of the subsequent
viz.

viz. of last year would naturally moderate itself, so as that the importation of the two years together should not exceed, or at least not exceed more than in the usual rate, the whole demand of the two years, and the duties paid to the customs in the latter, would fall very much short in their amount of the duties paid to the customs in the former year.

Now this reasoning may, and does, account, very sufficiently, for the deficiency in the custom-house revenue of 1788 and 1789, compared with the same species of revenue of 1787 and 1788, and which is in truth very little more than 100,000*l*.

But this reasoning does not account, at all, for the deficiency of 300,000*l*. three times as much, in the amount of the excise revenue of 1788 and 1789, compared with the amount of the same species of revenue of 1787 and 1788: because more claret and burgundy, or more foreign objects of any kind, are imported in any one year than can be consumed in that year, are the people therefore in the succeeding year to drink less malt liquor, to wear less shoe-leather, to burn fewer candles than they were used to do? and in short, to reduce their consump-

tion in all that multitude of objects which are affected by the excise, and which tho' nature has left indifferent, yet custom and habit have rendered necessities of life.

It appears then, that although an average of the whole amount of the custom-house duties in the two last years may serve to form a pretty just estimate of the future revenue from the custom-house, because the greater importation, than the effectual annual demand, of the former year, was compensated by the lesser importation, than the effectual annual demand of the latter year, and merchants will take care to supply this demand; whatever it is; yet we can by no means infer, that an average of the whole amount of the duties paid to the excise in the two last years, will form any estimate of the probable future amount of the excise revenue. In this case, our former reasoning would fail us entirely. If people have consumed less in the latter than in the former year, and it is only upon consumption that the excise can attach, it proves one of two things, viz. either that they are retrenching their expences, and to use the phrase in its literal signification, living upon less

less from motives of œconomy ; or else, it proves that less industry has been employed in the latter than in the former year, and consequently that the defect of consumption has arisen from the defect of ability to consume. Now, any one who will take the trouble for a moment of reflecting how greatly extravagance and dissipation of every kind has for some time back been spreading among all orders and ranks of people, will not readily persuade himself to believe, that motives of œconomy have occasioned the defect of consumption ; of which I very much fear that the other cause, viz. The defect of ability to consume has been the true one. But, whatever may be the cause, whether we have been inclined by choice, or compelled by necessity, its operation will in either case, with much greater probability, be extended to future times than limited to the present, and the produce of those taxes which are paid to the excise, instead of being brought up, degraded even below their last amount : so that to average their produce for the two last years, and to expect by that way to find their fu-

ture annual produce, would be cheating ourselves with a very false measure.

But it may be said, that in making a comparison between only two years, and drawing unfavourable conclusions from thence respecting the general state of the nation, I have confined myself to a period too small to warrant so large a conclusion. But, independently that it has been from the result of a period equally small, that ministers have deduced their very favourable conclusions, and therefore, that, as against them at least, the mode of argument is perfectly fair, since it is their own ; I cannot but think that the narrowing of my premises to those particular taxes which affect consumption, and not arguing from a deficiency in the general produce of all the taxes in any one year, which might take place from accidental and transient causes, easily to be explained, as for instance, from the redundant speculations of our merchants in a preceding year, as they have argued from a former sufficiency in the general produce of all the taxes which might take place from accidental and transient

sient causes, has rendered my manner of arguing, thus limited, much fairer than theirs; for example, there may be reasons assigned for a great sufficiency, if I may use the term, in the general produce of the taxes of one year or even of two years, because some of them in the multitude may be in their nature of an amount uncertain and casual: but has there been a deficiency in the excise of 180,000*l.* and more, upon malt liquors in the last year, which has indeed been actually the case, and so on, in general, of objects of popular consumption? We shall, I apprehend, be much puzzled to find any reason for such deficiency, which may not with much greater probability be referred to a permanent than to a transient cause; and therefore the arguing only from such taxes as affect the necessary consumption of the people, may afford a very just criterion whereby to estimate the probable as well as the present state of the country; though arguing from the general produce of all the taxes, might afford at best a very uncertain measure for such estimate.

Now, the the only probable reason why people should consume less of those things which habit has rendered necessary to them, and this may be particularly applied to malt liquors, is, that less industry is maintained in the country than used to be; and the only reason why the industry of a country should decline, is, that the capital of the country, which employs, and pays industry, declines, or is in some way or other gradually consumed; upon which subject I shall have occasion, before I have done, to make some further observations.

It appears from what I have said already, that the produce of the duties paid to the excise has declined in the last year, in no very common degree indeed from its usual amount: and that from this circumstance it behoves, us to entertain at least very serious doubts of the truth of those representations concerning the flourishing state of the nation, which have been so long imposed upon a too credulous public. I will now just proceed, by way of confirmation to the same argument, to shew that supposing, in time of peace, the annual consumption

sumption of the people, and consequently the produce of the taxes upon consumption, did not decline, but was the same from year to year, or in the case that these increased only in a very moderate degree, we might still be very justly dissatisfied, even with that better state of things ; and this I shall do by a very short reference to the experience of past, and from whence we may reason analogically concerning the present, times.

It has long been a matter of much curiosity among those who have had occasion to turn their thoughts that way, how the different states of Europe, which are much indebted, should yet be able to support, without being very grievously oppressed, burthens, which some time ago, even by those who were sanguine in their opinions, would have been deemed quite intolerable.

The subject has been rendered the more interesting from this circumstance, viz. that the speculations of political writers of old times concerning that amount of public debt, which when a nation had accumulated, it must cease to be able to support it, have been
been

been uniformly contradicted by the experience of all nations.

This amount has been respectively exceeded by all nations, and none, are absolutely ruined, though, all, are much distressed. In this country those speculations have been more frequently contradicted by experience, than they have been in others, from the circumstance perhaps, that they have been more frequently indulged. When the practice of funding was yet in its infancy, and when our public debt was, as it were, nothing in comparison with its present amount, it was notwithstanding, a pretty general custom to complain of the vast weight of the public debt: It was predicted that if it ever swelled to such an amount, perhaps at first, only fifty millions, ruin and bankruptcy would be the necessary consequence of so much extravagance. This amount was reached; neither ruin nor bankruptcy ensued: other limits were then assigned, which if exceeded, would produce those unhappy consequences; these limits, and limits upon these, again, and again imposed, have still been exceeded, and the nation so far from
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being ruined and bankrupt, has flourished under all its difficulties, in so much, that there are not wanting some hardy politicians of the present day, who combining these predictions with their constant disappointment, do not scruple to maintain, that the ruin and bankruptcy of the nation will not be the consequence of any accumulation of public debt.

With this latter opinion, though I very much envy the tranquillity which it cannot fail to occasion in the minds of those who have been so fortunate as to persuade themselves to entertain it, I can by no means agree. I even think that the predictions alluded to above, were perfectly reasonable at the times when they were made; nor is it at all difficult to point out the true cause why they have been contradicted by the experience of facts.

We shall then find the true cause, why nations have not actually been ruined by the constant increase of their public debts, beyond what it has, at different times, been supposed they could ever endure, in the *progressive state of prosperity*, excepting when,
perhaps

perhaps it may have been somewhat interrupted by war, which every nation in Europe has enjoyed ever since it first began to be indebted. It will appear, upon a short review, that every nation in Europe, has so thriven, during its intervals of peace, from a necessary determination of things, that although it may, in these periods, have paid very little, perhaps none of the debt with which it was before well nigh oppressed, it has yet so increased its wealth and resources, as to acquire a new fund, over and above, what it before possessed; by which new fund, and with all its old burthens upon its back, it has been enabled to encounter the expences, which have been again imposed by new exigences. Just in the same way as an individual who has an estate mortgaged for nearly the amount of its value, may, if he should by any means acquire another estate, raise more money upon that estate in proportion to its value, without having paid off any part of the debt for which his other estate had been pledged; though if he did not acquire this new estate, he would not be able to raise
more

more money, any more than a nation distressed by former debts, would be able to add to its burthens, upon new exigencies, unless in the mean time it had encreased its wealth and resources ; in which case, it would be able to add proportionably to its burthens.

Now let me apply this reasoning, in general, to our own country, and, in particular, to our own times.

We know, or history would inform us, that Great Britain has scarcely ever concluded a war among the many she has been engaged in, without being almost forced to a conclusion of it, by the almost intolerable burthen which she has begun to feel towards the close of it. But during the succeeding peace she has ever paid very little, scarcely any thing compared with the whole amount, of the debt, which she had been obliged to contract. When a new war broke out, she would be in no better condition to support it, than she would have been able to continue the former one, but by the advantage of so much of the debt contracted in the former war, as she might have paid in the interval of peace. Now this has been, in general, not a tenth,

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nor a fifteenth, nor perhaps a twentieth part of that debt. Great Britain then would become, progressively, less able to maintain any war, than she was able to maintain a former one, by ten, or by fifteen, or by twenty, times her former ability: but Great Britain it should seem has, progressively, been better able to maintain any war, than she had been able to maintain a former one; that is to say, every war she has been engaged in, has been more expensive than the one which went before. How then shall we account for this? there is indeed but one way of accounting for it; viz. that every interval of peace that Great Britain has enjoyed, has been fraught always with great prosperity, by which new funds have accumulated to support, independently, of the old ones, that had been before exhausted, and had not been retrieved, the new expences which have continually arisen from the changeful state of European politics.

Now let me apply this reasoning to an occasion, which lies in the compass of our own memories. During the peace which succeeded the war before the last, I think about ten millions of a debt which had then
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grown to a frightful amount, were discharged : the nation, therefore, was no more able to support the expences of the last war, than it was able to continue the expences of the war before, but by the difference of the ten millions of debt which had been paid in the interval between them ; and we might have gone on encreasing our burthens at that time, this difference only excepted, to the same immense amount to which we at length increased them in the last war. But this, no person who recollects how much our resources began to fail us, (even in the case when our enemies were almost subdued), when it became perhaps on that account only excusable to conclude the peace of Paris, can suppose was possible to be done at that time. All the difference therefore between the greatest length we could possibly have gone at that time, and the very great length, with a deduction of ten millions only, which we afterwards did go, in increasing our debt, is chargeable to the very great prosperity which we enjoyed during the interval of peace, not a long interval, which separated these two mighty wars.

wars. In this time then the wealth and the resources of the state, the capital, and with the capital, the industry, and the produce of the industry, of the people, had so accumulated, as to form a vast auxiliary fund to support that immense excess of debt, which we did create in the last war, over and above what we could possibly have created in the continuance of the war before the last.

I am afraid I have been very tedious, and perhaps somewhat perplexed, in the explication of my meaning upon this subject; but I have been the more particular in endeavouring at least to make myself understood, because it furnishes matter for some very important observations.

1st. Then it should seem, that an advancing state, at least, if there is no interruption from war, seems to be the natural state of every European nation: since but for this balancing circumstance, there is no nation, but what must have, long since, sunk under the burthens which have continually increased and accumulated upon it ever since it first began to be indebted; and

and this is the more evident, since there is none but what has been grievously distressed, and almost ruined, at the several instances of time when these burthens were first imposed.

All ministers, therefore, having this necessary advantage of their side, even the most profligate and the most ignorant, have had at all times, at least while there has been no interruption from war, a just right to congratulate the nation whose affairs they conducted, upon the advances, which even in spite of their measures, it was continually making, from irresistible necessity, in prosperity and in resources. When indeed, with a becoming moderation, they have only done this, there has not been much to censure in what they did, but when they have gone further, and ascribed this growing prosperity entirely to their own measures, and to their own administration, they have been guilty of a folly, or of an impertinence, or of both, conjunctly.

My second observation I shall make with pleasure, inasmuch as it will discharge the present administration of some part of the

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odium which would otherwise attend their conduct ; this is, that although all ministers, have at all times professed, that the great object of their administration, was to discharge the public debt, and to lighten the burthens of the state, yet none of them have done so, or at least they have done so in a degree so very inconsiderable, as never could prevent, could scarcely postpone, the ruin of the nation by the very first war which supervened, if the nation had not been supported, in its eventual difficulties, by other means, viz. by a continually progressive state of prosperity, and the acquisition of new funds. Our present administration, therefore, is not the only one, which has deceived us, in this very important particular, viz. The discharging our public debt ; and their crime, by not being single, may thus, with many at least, appear to be less.

My third observation, and which is not quite so pleasant as my former one is, that although at no time the conduct of any administration, with pretty much the same promises, and pretty much the same projects,

jects, with those we are at present amused with, has afforded just ground to hope for the extinction of the public debt, yet at all times, *the progressive state of the prosperity* of the country has been such, as to afford just ground to hope that, although no part of the debt were actually paid, and the growing surplus of the taxes were dissipated, under vain pretences, we were yet continually adding a fresh fund to support eventual exigencies, by a *growing capital*, by the employment of more industry, and by the increasing produce of the land, and labour of the country. That our capital and that, consequently, the quantity of industry which capital employs, is, if any thing, rather declining than growing, as I shall presently endeavour to shew by some arguments, more particular than what may be collected from the state of the consumption of the people, is a very melancholy truth ; and that our resources, which depend intirely upon the state of the capital, and the industry and the consumption, of the people, must decline with them, is an inference as little to

be disputed, as the fact which gives birth to it. The nation is therefore in a worse condition at this time, than ever it was before, under similar circumstances of peace, since if it had ever been in a situation like this, before, it could not have added to its resources, and if it had not, while under the same circumstances, been continually adding to its resources, it must long since have sunk under the burthens which exigencies, continually recurring, have for ever accumulated upon it.

The nation has been, now, no less than six years in the enjoyment of peace, during this time we have been cajoled with promises, we have been the bubbles of every artifice, and nothing effectual has been done ; but six years, if we may judge, in general from the experience of past, or in particular, from the complexion of the present, times, are a very important portion of the whole period for which peace is like to endure. We have then, like dissipated spendthrifts, squandered away a very important portion of the only time, which is allotted to us to restore our condition ; and

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we are now but in the same state that we were in, at the conclusion of a very calamitous war, and consequently no more able, with all this interval between, to find resources to support a new war, should the occasions of Europe force us into one, than we should have been able to continue that very calamitous war. No part of our debt, then contracted, has been paid ; for it is not difficult to prove that if we borrow four, and pay three millions, we do not pay, but we increase our debt *. But a circumstance more alarming, is, that so far from advancing, we seem to be declining in the only

* It is true that we have not actually borrowed four millions, to pay three ; perhaps the case might have been more favourable if it had been so, for then we might have accounted for so much capital as has been paid to certain public creditors, by its existence in the hands of other public creditors ; and of which capital we shall soon see that no account at all can be given where it is : and yet we cannot be said to have paid three millions, when three millions that were due to the public, and paid in this period, were converted to this purpose. These three millions due were a set off against the general public debt at the very moment when that debt first commenced ; the paying them therefore in discharge of the public debt, was only executing, as it were, an old set off, and not paying afresh any debt.

means by which we can expect to rise superior, as well to future, as to present, difficulties, as by those means alone we have hitherto risen superior to our difficulties, viz. by an increasing capital, an increasing consumption, and an increasing productiveness of those taxes, the most material ones, which affect consumption.

We are indeed so far from enjoying those advantages, which have been hitherto common to every interval of peace, that we are suffering the inconveniencies, and incurring the disabilities, by which war has generally been distinguished. If we find it, now, necessary to raise loans, to impose new taxes ; if we are obliged to pledge resources at a time, when we should acquire them, what then shall we do when our expences shall have been perhaps more than doubled by the exigencies of a war ? Shall we then begin to prepare resources ? Shall we then pay off the debts contracted during the peace ? Such an idea as this were too ridiculous to be entertained for a moment, though it is easy to prove that it is not more contrary to the established order of things, to discharge in war debts contracted

tracted in peace-time, than it is against the order of good government, to incur debt under any pretence whatever, in time of peace. The same pretence which will serve for incurring a debt of a smaller, will serve for a debt of a larger size; the effects of peace will thus have become similar to the effects of war; and hope under any circumstances of peace, or war, will not dawn upon our wretched and despairing bosoms.

Now, in order that we may be able more fully to appreciate our situation, let us turn our eyes back for a moment to that interval of time, the latest we can turn our eyes back upon, which preceded the last war, and let us draw a slight comparison, since nothing is fairer than to compare a time of peace with a time of peace between what happened then, and what happens now. We did not at any time then, as we do, now, raise fresh loans, nor impose new taxes; nor had we then to lament the growing unproductiveness of the old ones: the case was indeed so far different, that in the fourth year, after the peace commenced, besides paying the whole expenditure

of government, a surplus of two millions remained to the sinking fund; and this too from the operation of the old taxes, and without any specific provision, for any surplus at all, in the same manner as there has been a specific provision for a surplus at present, though no such surplus, nor any thing like it, has been produced. Shall we then congratulate the minister upon his measures, or the nation upon the effect of those measures, when in times, which are the same, a difference so striking prevails? If the case is as the minister with much self-approbation assumes, that the situation of this country is due to his measures, then it must follow that the bad situation of the country, for surely that cannot be good, which is so much worse than what, under the same circumstances, went before, is the result of his measures, and he will stand self-condemned, and not self-approved, upon his own reasoning.

I had affirmed, that there was some reason to apprehend, that instead of that progression natural to a country, which enjoys the blessings of peace, and which, until
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the present day, not even the misconduct of weak and ignorant ministers, has been able effectually to prevent, though it may have somewhat restrained ; I say, that instead of this progression, by which capital continually accumulates, there was some reason to apprehend rather a decline in the present state of the capital of the country, or at least, which is as I have proved, nearly as bad, that it is stationary, and does not encrease from year to year, as it was wont to do, under similar circumstances of peace.

Some general reason for this supposition already appears from the state of the consumption of the people, which has declined indeed, in no very common degree ; but in pursuance of my promise, by which I engaged to assign some reasons more immediate, and particular to such an effect, although the one assigned, it must be admitted, has a very sufficient application, I shall proceed to state them, as also what appears to me to be the probable cause of so great a calamity : and indeed since the cause I shall assign is palpable, and must operate, in the way of reducing at least the growth of the capital
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of the country, there will be some auxiliary proof in the very existence of the cause, of the existence of the effect. It is proper, however by way of preliminary, that I should say something of the nature of capital.

Capital is that, which, without any waste of its substance, furnishes to him that owns it, such means as he may have occasion for, by a continual reproduction. As a fire emits heat, or as a candle light, and does not thereby impair its power, of emitting heat, or light, so capital continually produces, without impairing by the act of production, its productive powers.

There are divers subjects, in which capital may consist, or about which it can be employed. 1st. It may subsist in public or private loans, and then its produce is called interest: 2dly. in land, and then its produce is called rent: 3dly. it may be employed in trade, or it may be employed in the maintenance of industry, of whatsoever kind, and then its produce is called profit.

In the same country some men grow rich, and some grow poor; that is to say, some improve

improve, and some spend their capitals; but as it is a common saying, that what is one man's loss, is another man's gain, so he who spends his capital, will have only transferred it to those who in the course of his expence, shall have received it, and it will still continue to subsist as part of an increased capital belonging to such industrious and frugal persons: for instance, suppose A. in consequence of his extravagant course of life, is under the necessity of disposing of his estate, which is a capital in land, for the purpose of paying his creditors: B. buys that estate, and pays for it by transferring his capital, consisting in money, to A. Now neither of these capitals is wasted, or destroyed; the land, from the nature of things, is not subject to destruction, and therefore must continue to subsist, in whatsoever hands; and the capital, which has been received in exchange for the land, will have been immediately transferred to the various creditors in whose favour the land was sold, and will still continue to subsist, broken indeed, and divided, as parts of increased capitals belonging to those persons, respectively.

tively, to whom A. in the course of his expence, has become indebted. The nation will thus have lost nothing; for it matters little in whose hands capital subsists, provided it continues to subsist and perform the functions of capital; and indeed the more it is divided, the better, perhaps, for the state.

What individuals are among individuals, nations are among nations: if the annual expence of a nation is greater than what it can pay for, from the annual returns of its capital some way or other employed, it must part every year, with some of its capital, to pay this surplus of expence to the nation which supplies it, by the means of commerce, with the subjects of its expence.

It is, then, so much productive power transferred from one to the other, nation. The nation which parts with some of its capital, to gratify its extravagant desires, like the individual in the same case, must grow poor; and the nation which receives, and adds it to its own capital, like the individual in a like case, grows wealthy. When an individual owes a balance to another, he
pays

pays it in pounds and shillings ; when a nation in the course of their general transactions owes every year a balance to another, it pays in like manner in gold and silver. These metals then, though they are not positively considered wealth, yet since they represent and purchase all other objects, for there is nothing, scarcely virtue itself, which may not be purchased with gold, are possessed of an exchangeable value of a most universal quality, and therefore, are, relatively considered, wealth.

Now the gold and silver thus received, or the balance of trade, as it has been generally called, constitutes so much new capital every year in the nation receiving it.

For, it cannot be consumed; because medals are not consumable; it cannot be thrown into circulation, because, in general, in every country so situated, the channel of circulation is already filled up; but to add to what is already sufficient for this purpose, would be the absolute waste, or from the evil effects it might have, would be, perhaps worse than the complete loss of so much as was superadded; there remains therefore, but
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one other use to which it can be applied, and this is as so much new capital added to the old subsisting capitals in the country.

Now, all the capitals which subsist at any time in a country, can only be used for productive purposes, which is indeed essential to the very nature of a capital. The capital of the manufacturer receives employment in the purchase of materials for, and in the support of, manufacturing labour; the capital of the farmer receives employment from agricultural labour; the capital of the merchant from that species of labour which is proper to navigation; all of which make returns to their employer in their produce of whatsoever kind; and the same may be said of every other species of employment of capital which can possibly exist in a state.

But, when a large new capital is introduced every year into the country, which I have proved must be the case, wherever there is a large balance of trade, each class of employment of capital, in proportion to the exchangeable value which it has furnished, will receive a share, some more, and some less, in the distribution of it. Each class, then,

then, by the means of a capital thus every year increased, will be able to maintain every year more productive labour; the manufacturer and the farmer more manufacturing and agricultural labour; the merchant, more maritime labour; and every other capital subsisting in the country will have been impressed, respectively, in proportion to its own particular increase, with an increased action.

But to maintain every year more productive labour in a state, you must increase the number of labourers; these labourers must be fed and clothed; they must have all their necessities adequately supplied; you increase then every year the consumption of the great body of the people; and consequently the produce of those taxes, by far the most material ones, which affect consumption.

Whether the nature or the use, or the effects of a balance of trade, are the better understood from the explanation which I have attempted to give, I do not know; I will, however, hazard one other illustration of it, in order to shew its effects in a more general point of view, having hitherto confined its operation to one single application

plication of it, viz. to the employment of industry.

We will suppose, then, that certain very rich foreigners, Dutchmen, or Hamburgers, were to transfer themselves, with their capitals, every year, for many years successively into Great Britain.

Now these capitals thus brought here, must be disposed of, some way or other, because, people, Dutchmen in particular, do not like to let their money lie idle; they can only be disposed of in the public funds, or in private loans, or in the purchase of land, or in the employment of industry, or in trade. There is in the country a natural demand existing at all times for these several objects; some are willing to buy, and some to sell; and thus the domestic (if I may use the expression in opposition to foreign) capitals of the country keep shifting their places, from trade to land, from land to public stock, and *vice versa*, accordingly as accident, speculation, or the restless and varying dispositions of mankind would determine their different employment at different times. But all these
domestic

domestic capitals remaining year after year, pretty much the same ; for what one man has spent another man has gotten, and *vice versa* ; and the demand for all the various employments of capital remaining pretty much the same, for any greater rate of profit which might happen to take place in any one employment, would be presently reduced to the common rate, by a greater competition which would immediately be directed towards that employment, the exchangeable value or price of all those different employments would remain pretty much the same, year after year.

But upon the continual annual intrusion of these new capitals from Holland or from Hamburgh, or wherever they may come from, a greater, than the natural, competition would take place in all the various employments of capital ; the exchangeable value or money price therefore of these employments, would increase every year in proportion to the extent of the increased competition. Land which was worth five and twenty, will be worth six, or seven, or eight, or nine and twenty, or thirty years purchase, or upwards ; the price of stock will

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increase, progressively, in the same manner. People will soon discover that their capitals produce but little revenue, vested in land and in stock ; capital therefore will cease to flow so abundantly to those employments of it ; it will spread upon all the different trades and occupations which afford a profit, and about which productive labour can be employed : all these will have been filled up in due time to their fullest measure. In short, when all the domestic means of employment shall have been nearly exhausted, or at least shall have been reduced to a very low rate of profit, capital will overflow in foreign speculations ; fisheries will be improved ; the carrying trade, which is perhaps one of the last effects of a redundant capital, will be engaged in ; navigation extended ; colonies settled. These would be the necessary effects of such a state of things as I have supposed by way of illustration of my argument, and such as this is the operation of a balance of trade, which is the transferring the capitals of the individuals of one, to the individuals of another nation ; with only this difference from the
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case that I have supposed, viz. that the persons of these individuals are not transferred with these capitals, nor does it indeed matter much whether their persons are left behind or not.

Let me apply this—It is very certain that in consequence of the extension of the China trade 1,100,000*l.* in specie is transmitted to China, for the purchase of teas, more than used to be transmitted there for the same occasion. Now this quantity of specie is a very considerable part, or more probably amounts to the whole of the balance, which we receive annually by our general dealings with all the world ; but I have demonstrated, that whatever specie is received by the balance of trade, becomes a new capital, we then consume every year in tea a capital of 1,100,000*l.* beyond what we used to consume in the same object ; and whoever chooses to compute, what vast additional resources would be acquired by a continually accumulating capital of 1,100,000*l.* every year, during the period of a twelve or a fifteen years peace, how much it

would add to the productive powers, and consequently to the produce of the country, how much industry it would maintain, how much it would increase the consumption, and the taxes upon consumption, and in in fine, how much it would relieve our present, and render us capable of supporting future burthens, whenever the preservation of the national dignity and importance required an exertion in arms;

I say, whoever will give himself the trouble of considering and weighing attentively in his mind these points, will abate probably of the extravagance of the opinions, which he has been wont to entertain in favour of the present minister of the country, and may even prevail upon himself, in a little time, for prejudices, even by the wisest of us, cannot be immediately overcome, to leave him, in this particular at least, to a solitary admiration of his own wonderful and incomprehensible measures.

And we may thus discover, in this very great drain of wealth, which has now had sufficient time to operate, the true cause why our consumption has declined, and
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the produce of our taxes has decreased in the last year, for since by adding every year a new, to our old, capital, we increase the productive powers, and the consumption, and the amount of the taxes, every year, of a country, as I think I have proved, it is demonstrated by the same proof, that if you take away, or subtract every year, supposing so bad a case, from the capital of a country, you must diminish the productive powers, and the consumption, and the amount of the taxes, every year, which are levied upon consumption, of a country,

Whether the transmission of this immense sum every year to China, has really turned the balance of trade against us, is a circumstance rather to be apprehended, and presumed, from certain general symptoms, than to be ascertained by any sure and direct means of calculation.

For, it is impossible to ascertain from the amount of the imports, and exports, respectively; as they appear upon the custom-house books, what the just balance is, or whether there is any, in our favour. The imports indeed are generally rated

pretty much according to their just value, because paying, for the most part, a duty either *ad valorem*, or else by weight, or by tale, there is in the one case, a very certain, and in other some, probable measure, by which they may be rated. But as to exports, I do not speak of such as are intitled to drawbacks or bounties, where the same precision, as in the case of imports, would naturally introduce itself, but which are comparatively with the whole sum of the exports, very trifling, and form only, as it were, an exception ; I say as to exports, there is no measure whatsoever, for their valuation, save what lies in the discretion of the exporter.

We all wish to appear to do a great deal in whatever line we are engaged in ; and we even ruin ourselves, very often, for the sake of an ostentatious display of importance, beyond what our situation or circumstances, should entitle us to affect : but the merchant exporter, may indulge this species of vanity, at very little or no expence. He may estimate his trade, and appear upon the custom-house

house books to any amount he thinks fit, and thus swell his importance, without injuring his circumstances. He will, therefore, upon many occasions, do this; and the exports, taking them in general, will have been estimated at a higher, than their real, value. What is to be deducted, upon this account, from their nominal amount, it is not possible to calculate; to calculate this, it were necessary to estimate human vanity and folly, which have been at all times inestimable: but since human vanity and folly have been, at all times, the same, the same the deduction upon their account, in the comparison between the balance of trade of one period, in the history of a nation, and the balance of trade, of another period, will leave the proportion of the remainders the same, as the proportion of the integrals. Nor can I forbear, upon this occasion, to make a further observation, viz. that as the value of our exports, as it appears upon the custom-house books, is only a nominal value, on account of the great deduction which must be made from the afore-mentioned circumstances, so

actual loss of 1,100,000l. a year from the balance which may appear in our favour, is in fact, a real reduction, from a nominal amount, and therefore much greater than in the apparent, proportion.

Perhaps this country was never more prosperous, than it was before the breaking out of the last war, I mean before our first disturbances commenced with America, and when our balance was greater than it had been in former, and certainly vastly greater than it is at the present, period; and if I were desirous of any proof, besides what results from the reason of the thing, of the beneficial effects, of a balance of trade, I should not need to go further, than to a slight comparison between the circumstances of those, and the circumstances of the present times.

During those times the produce of the land, and labour of the country, the consumption of the people, and the taxes which affect consumption, increased progressively; the price also of stock, and the price of land, increased progressively; and when the growing capital of the nation had exhausted, or at least had reduced to a very low rate of profit,

profit, its domestic employments, it overflowed in vast streams upon our foreign concerns, and carried every year wealth, and improvement, and industry, to the most distant possessions of the British empire; colonies were settled, navigation extended, and if that state of things had been permitted to continue, it would be difficult to say what excess of prosperity this country might not have enjoyed. But-

Diis aliter visum.

In the present times the consumption of the people is diminishing, the produce of our taxes has, therefore, diminished; the price of stock; which in time of peace, should rise progressively, is the same, or lower, now than it was three years ago*; the price of land which both affects, and is affected by the price of stock, is the same or lower, now, than it was three years ago; the capital of the country then is the same, or less, now, than it was three years ago; since it could

* In 1786 the 3 per cents had risen to 78 and 79 and 79½ they are now at less than 78,

not have increased, without affecting the price of land, and of stock, by the greater demand which it would create for land and for stock. Nor can any increase of capital have received a partial direction ; a case which indeed, never happens, for it is always equally distributed, so as to preserve a level of profit in all its different employments, towards the trade of the country, since it could not have been so directed without maintaining more industry, than was before maintained ; but it could not maintain more industry in, without increasing the consumption of, the country, which we find has even declined.

None of the only means then in which an increasing capital can be employed, has been employed in these three years : our capital therefore cannot have increased during these three years, a period of time which as it necessarily proves every thing relating to itself, so it is sufficiently long, to establish some reasonable ground of conjecture, concerning the future, probable state of the nation, for such time at least as we are governed by the same system of administration.

But,

But, in the times first alluded to, the circumstances of the nation in respect of peace, and tranquillity, were precisely the same which they are in the present times; the advances therefore to be made in prosperity and wealth should be the same, now, which they were then. Whence then all this difference between the two situations? Why flourish then; why decay now? I will tell you why. The balance of trade which is indeed the only assignable cause, for every thing else is equal, was then generally more than two, sometimes three millions in our favour, for we had not at that time learnt the art of sending 1,800,000*l.* to China for the purchase of tea; and though the smuggler supplied us then with some part of our consumption in that object, yet he either took back manufactures in exchange, for a smuggler in one, is a smuggler in another country, and indeed to smuggle in either, is equally his trade, or else if he took back specie in part payment, the specie still floated between our neighbours and us; and though its return from China, is as impossible as *the*
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return from hell, yet its return from France was by an easy descent.

What the balance of trade in favor of this country is since this mighty drain has been established, it is not, nor indeed in no case is it possible strictly to ascertain. The chancellor of the Exchequer informed us at the opening of the budget of 1788, that at the close of the year preceding, to wit, at the close of the year ending in April 1787, it appeared to be somewhere about 600,000*l.* in our favour; he did not inform us what it was at the close of the year ending in 1788; still less did he say any thing concerning it in his last budget, which probably contained evils enough, without any statement to this purpose; though there was just the same reason to inform us of what it appeared to be at the close of the two latter years, as there had been to inform us what it was in the former year. We might therefore safely conclude from his silence concerning it, upon these two occasions, if it did not plainly enough appear from the general effects which have resulted; that in the two last years it has been very little, even nominally,
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or not at all, in our favour; or perhaps it has been even nominally, against us, which would make it, really so, in a much greater degree*.

Another circumstance, which marks and distinguishes the two periods of time to which I have wished to call the reader's attention, and one that well deserves observation, since the vital interests of our constitution may be affected by it, arises from the moral effects which have been produced upon the minds of the people at large, from the different influence of a different state of things.

* The mode which prevails at the custom-house of estimating the imports and exports between Great Britain and her colonies, as foreign imports and exports, is a very absurd one: for the trade between Great Britain and her colonies is as much domestic as the trade between the ports of London and Leith, which has never been reckoned foreign: but the imports from the colonies exceed very much the exports to them: this excess therefore, or difference, is very improperly estimated against us in striking the balance, either for or against us in our foreign dealings: but if we compute the immense sums which are paid to foreigners, who are concerned in our public debt, by way of interest, as also the vast sums which are spent by natives, abroad, we shall find this excess sufficiently accounted for, without taking it from the side of the account, upon which the custom-house has, improperly indeed, placed it.

In those days a jealousy of administration, a just indignation of such measures as seemed to threaten by any possible, even remote evil tendency, their rights and liberties, a spirit prone to break out, upon occasions indeed not deserving of much attention, in tumult and commotion; a spirit, the end of which we must applaud, at the same time, that we must condemn, and reprobate the means it makes use of, marked with strong lines of expression, the popular character.

The general prosperity of the country, had done by the great body of the people, that which the particular prosperity of the individual, such is the temper of the human mind, does by the individual: it renders him generally independent, sometimes insolent. Happy! if the same spirit, even with its excesses, which, however, we condemn and reprobate, were still preserved. The case is indeed so much altered, that the jealousy of administrations which formerly existed every where, exists now, nowhere but only in a very few bosoms; and there is no measure, no, not even the making

ing Britain a fortified country, and fixing garrisons in the heart of a free state; or the establishing a general excise! that would forfeit, or even hazard the popularity of a favourite minister: but, whatsoever he may choose to propose, is received with a quiet submission, and a calm resignation, which does much honour to the patience, though but little to the virtue, of the people. I would not here wish to be understood, as if I were the missionary of sedition, or as if I approved of any but those legal means of redress, provided by the constitution, by petitions and remonstrances, whenever we may think ourselves aggrieved. Ministers, and even well-meaning ministers, have, sometimes, from motives, which they have been able to justify to themselves, attempted and carried some measures, such, as it had been better, if they had not been carried, but these measures have always been resisted at the time (I speak only of legal resistance) and many, which might have been carried, have failed from the popular jealousy, and dissatisfaction, thus manifested. It behoves us, therefore, to watch

watch with an attentive, and a suspicious eye, the steps of every administration: much less should we place implicit confidence in any one, and abandon ourselves with a fatal credulity, to all the delusions, which confidence, acquired by past success, may incline it to practise, for the sake of its own vile interests, at the expence of the public good.

But that I may return from this little digression—I would wish now to examine, for a moment, into one principal ground of the popular approbation which has been bestowed upon the minister; viz. the rise in the price of the public funds, which took place, indeed in a very rapid progression after the conclusion of the war, though not until after the war expences had been funded, and the demand for money, on the part of the government, had ceased. And I will first consider how far this rise has been the necessary effect of a natural cause, or how far it has been the result of the wise measures pursued by his Majesty's ministers, after which I will just draw an observation or two in illustration of my former argument respecting the declining state of the capital

capital of the country, from the state of the public funds during these last three years.

Now, that which makes a commodity dear or cheap, which gives it a greater or a smaller exchangeable value, is the quantity of the commodity at market, compared with the quantity of the demand for it. If the quantity of the commodity at market, exceeds the demand for it, in any given proportion, its price or exchangeable value must diminish in proportion to this excess. But in war time the quantity of stock at market, in any one year, is always greater, by so much new debt as is funded in that year, than it would be according to the usual course, and when no new debt at all is created ; the price of the stock at market, then, in that year, would naturally be less in such proportion as the actual, would exceed the usual, quantity of stock at market : therefore in war time the price of stock must always be comparatively low.

In peace time, no new stock is, in general, created ; the quantity of stock, then, that is at market, in any one year, is only the same which it was in the preceding year :

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there is then no competition, for there is a competition of sale, as well as a competition of purchase, between old and new stock ; the old stock therefore enjoys a monopoly of the demand, which, like all other monopolies, is certain to raise the price of the subject : The price of stock, therefore, in time of peace, is comparatively high.

This is the very simple cause of the rise and fall in the price of stock, under the different circumstances of peace and war ; nor can I, judging from the pure and unsophisticated sources of common sense, find the reason why a minister should be applauded, and have it imputed to him, that the public funds have risen after the conclusion of a war, more than I could find a reason, why a minister should be condemned, and have it imputed to him, that the public funds have fallen after the commencement of the war. And it should seem to me to require not less dexterity and management in a minister to prevent the rise of the funds, after the conclusion of a war, when the great demand for money has ceased, than it would require dexterity and management in a minister to prevent the fall of the funds, after the

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commencement of a war, when the great demand for money has commenced. And yet, although, we allow in the one case of the irresistible effect of a natural cause, and therefore do not condemn, because the funds have fallen; yet in the other case we do, with a singular inconsistency, forget the natural cause, and we grant merit to a minister, only because with infinite presumption he chooses to assume it, upon an event, which, even with his endeavours, he could not prevent, from taking place.

Those people, however, who insist with so much vehemence, that the progressive rise of the funds is an argument of the progressive prosperity of the country, a sort of reasoning which I think is perfectly just and conclusive, must admit, upon the same principles which they establish that proposition, the truth of this other proposition: viz. that if the funds of a country have been stationary, for any given period of time, or have rather declined, the prosperity of the country has been stationary, during the said period of time, or has rather declined.

Now, it is a fact which any one may easily convince himself of, that in 1786, that is to

say, three years ago, the price of stock was the same or rather higher than it is now*; the prosperity of the country, therefore, must have been stationary, or it has rather declined, during this time. But if the natural state of a country, is, what I have proved it to be, an advancing state; our funds at the expiration of any period of three years ought to be higher, and considerably higher, than they were at the commencement of that period; because in this time more capital would accumulate in the country, and part of this capital, in the general distribution of it, would naturally increase the demand, and with the demand, the price of stock; though other parts of it would indeed, more profitably for the state, be directed, to increase the productive powers of the industry of the country.

In the course of these three years 3,250,000*l.* have been issued for the purchase of stock by the public commissioners. It is very certain, that this artificial demand has rather kept up the price of

* In 1786 the 3 per cents had risen to 79 and $79\frac{1}{2}$; at present they are not 78.

stock beyond what it would have been if left to the natural demand ; but be this as it may, there is, or should be, a capital of 3,250,000*l.* which existed, before, in the shape of public debt, transfered from that employment of it, to some other employment.

Now would it not be an object of very reasonable curiosity, to enquire, what other employment, this capital, certainly no very inconsiderable one, has been transfered to ? If it had been transfered to the land of the country, the price of land would increase from the greater competition of capitals which would be directed to the purchase of land : but the price of land is, if any thing, lower, now, than it was three years ago, and before any part of this capital began to be transfered at all. Capital, therefore, must rather have gone from, than gone to, land, during this period. It cannot have been transfered to the maintenance of more labour in the country, since more labour cannot be maintained, without increasing the consumption of the great body of the people ; but we find that in the last year,

when if more capital had been so directed, we should, peculiarly, have began to perceive its effects in this particular, our consumption has decreased, and decreased in no common degree; capital, therefore, must rather have gone from, than gone to, the maintenance of industry, in the country during this period. It has not been transferred to the trading interest, since the great profits which are made by some, in trade, and the frequent bankruptcies which are allotted to others, prove incontestibly, in the one instance, a defect of competition, that great reducer of the rate of profit, arising from the general defect of capital in the country, and in the other instance, a defect of particular capital, in those who are the unfortunate victims of a spirit of enterprize, unsupported by sufficient funds. Shall we look for it in our colonies? there too we should be disappointed of finding it, as those colonists, who have had occasion for assistance of this kind, can very safely testify: certain it is, that during this period, much more debt has been discharged than created by them: capital, therefore, has rather

rather come from, than gone to, our colonies, during this period. What then has become of this capital? have we spent it in tea? or by what ingenious device have we so completely got rid of it, as that not a trace of it should remain behind? We know that it once existed, but we know not that it is any where, now, since we know that it does not exist in any of those employments, where it could possibly be disposed of as a capital.

By this proceeding, instead of 3,250,000*l.* thirty or forty millions; nay, the whole national debt might be paid off, and the nation be not a whit the more at ease. For instance; if all the capital, which now exists in the form of a public debt, were to be paid to the public creditors, and it were, then, immediately, to disappear, the revenue of all the individuals, who compose the nation, that is to say, the revenue of the nation itself would be only the same, which it is now: *ergo*, the nation is just as rich, now, when it is supposed, and justly supposed, to be almost ruined with debt, as it would be if it were quite clear of debt.

And the minister who should thus have paid off all debts of the nation, would deserve much about the same praise for his extraordinary feat, as the Chancellor of the Exchequer deserves for having paid off 3,250,000*l.* since the benefit to the nation would be precisely the same; that is, no benefit at all would have been derived from such discharge of the public debt.

But it is very certain that the same thing would happen in the seeming extravagant case which I have put, which has happened in the present case; if a minister in such case could be found sufficiently ingenious, to provide regulations by which that part of the capital of the public debt which was paid every year, should be consumed every year, in the same way as it is reasonable to suppose, that the million of the public debt which is now paid every year, is consumed every year, and is no longer a capital existing for productive purposes, since it could not exist as such, without appearing by its effects, none of which do appear, but rather the converse of them.

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Let it not be objected that three or four millions, supposing them transferred, and actually existing, some where, as a capital, are yet so inconsiderable, when compared with the general capital of the country, as to be entirely absorbed in it, without producing any sensible effects. I have endeavoured to prove that the natural state of every European country, according to the usual constitution of things, is or should be, an advancing state. But a country cannot be in an advancing state, unless its capital increases ; nor can its capital increase, without exciting a proportionably, increased competition, in all the various employments to which it can be directed. But this competition, would increase the price of land, the price and the quantity of labour to be maintained, which perhaps one way or another, as I have before laid it down, comprehend, together with public stock, all the employments to which capital can be directed. But if part of the capital of a nation, which exists in the shape of public stock, is diverted from the employment of it by periodical payments, there would not
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only be a naturally increasing, supposing the country to be in an advancing state, but also in addition to it, a forced, competition, in all the other employments of capital. The price of land, and the quantity of labour to be maintained, would increase not only in a natural, but an artificial, ratio, proportioned to the quantity of the forced competition, which whether it was more, or whether it was less, would still be possessed of its proper operation. But we find that no advance, whatever, has taken place in the rate of the other employments of capital, during the long period of three years; so that, even admitting that, these other employments are at the same rate, now, at the end of this period, which they were at the beginning of it, though they are rather, granting that it is but a rather, lower, the very equality, would prove a decline in the general capital of the country, since, if it were not for the artifice of a forced competition, they would be somewhat lower, than at an equal rate; and if the scale turns by ever so little, the fact is proved, just the same as if it turned by ever so much.

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That which deceives most people, even those who wish to be impartial, I speak not of those who subject their opinions to their prejudices, who believe every thing which is in favour of their minister, though it is ever so absurd or improbable, and who reject demonstration in his disfavour, I say, that which deceives most people in the estimate which they form concerning the present state of things, is the general appearance of opulence and of trade, greater now than used to be, existing in the state. In searching the cause for this we must recollect, that in the course of the last war an immense new capital was continually accumulating in the state, which now affords a revenue to certain individuals, viz. to public creditors of about seven millions, yearly. If this capital had been turned to some other than to its present designation, it had been better for the country; but that is not the question, here: the fact is, that there is a new capital now existing to that amount in the state. Individuals then, can now spend, I do not say quite, for a reason which is very obvious, but a great part of seven millions every year,

year, more than they could before this capital first began to exist; the intercourse then between individual and individual, that is to say, the domestic trade, and the consumption, and the produce of the country, and all those obvious appearances of prosperity which affect the senses, would increase in proportion to this new revenue. But upon the same principle, if the expence of last war had been doubled, and a revenue of fourteen millions, had been raised up to certain individuals instead of seven, the intercourse between individuals, that is to say the domestic trade, and the consumption, and the produce of the country, and all the obvious appearances of prosperity, would have increased in a proportionate ratio. And thus, the nearer a country would approach to ruin and insolvency, while it walked only upon the ridge, and did not actually fall over the precipice, the more it would appear to flourish, and indeed until something came to disturb it, it might walk long enough and securely enough upon the ridge of the precipice.

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It is not, then, from any positive state of things, that we are to make our political estimate of the situation of a country: but we are to consider it relatively to future situations and exigences. We should not consider it in the view of present ability, only, but of future capacity. The present ability may be very good; the future capacity may be very bad; and as the future just as certain to arrive, as it is certain that the present has arrived, so this consideration of the matter can be deemed only of less consequence than the other.

We enjoy the fineness of an autumn day, but are we sure that even in the tranquillity which surrounds us, some storm is not collecting its invisible materials, and that the face of nature, now serene and beautiful, will not soon be deformed with the howling tempest? The present aspect of things, considered in a single point of view, and unrelatively to futurity, may perhaps be pleasing enough: but are we building up a shelter of resources, as we were wont to do, to protect us from the storm, whenever our political sky, more changeable than the natural,

natural, shall blacken, and the tempest of war shall descend upon us?

That we have not done, and that we are not doing this, will soon appear to him who shall reflect upon all the circumstances of the times. We are told indeed of increasing prosperity, but do we perceive it in any sensible effects? That we do not perceive it in those effects which would necessarily result from such a cause, is a fact which is itself but too sensible, and he only, who is determined to resist demonstration, will deny the truth of it.

We have been informed every year and every day in the year for the last three years, of the redundancy of money, that is to say, of capital in the country. Why then have not the employments of capital continually encreased in their value? If capital is plentiful, that which capital purchases must be, comparatively, scarce: and that which is scarce, must be dear; but the price of it continues the same: how then can capital be redundant? Do those that have it, lock it up in their coffers, and create an artificial scarcity by keeping it out of the market?

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he that knows the nature of a monied man will not easily persuade himself that this is the case. Though the monied man may sometimes *conceal his virtue*, he will always bring his money into action. It is true we are constantly told of the quantities of money which only wait for employment: but do we seek to grasp hold of it?

Manus effugit imago.

The glittering orbs roll now, only on the systems of security, and they avoid the tracts of speculation where they were wont to wander, when they were, really, redundant.

That people who are employed by ministers for the purpose; or who have private motives for it, should tell us of redundancies of capital in the city, and every where else, that the minister should tell us of *surpluses* in the treasury, at the same time that he is obliged to ask for loans to make good *deficiencies*, bearing, like old Cato in the play, immortality in the one hand, and death in the other, that an infectious delusion should spread itself over all ranks of
people

people on a subject of such grateful belief, is not very much to be wondered at, considering how much the interests of some, and infirmity of others, would co-operate in producing such an effect.

The delusion too would receive some confirmation from those men, always the creatures of every administration, but most so, of the most corrupt, whose trade is in money, who batten upon the public calamities, whose individual prosperity rises in a just proportion with the national distress, and who are always ready to affirm, and do affirm, that there is a great abundance of money, when the scarcity of it is not such, as to satisfy the exorbitance of their desires, and to quench their sacred thirst of gain, by the most extravagant advantages.

But the discreet sober man will not believe what he is told by people who are concerned in spreading the delusion, nor by people whose pursuits, and whose passions, render them very unfit to determine his belief. He will look for the truth of these affirmations in sensible effects; if he finds not these, he will judge for himself; he
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will reject the imposition, and he will despise the impostors.

Whosoever considers the immense new capital which in the course of the late war has accumulated in the hands of opulent individuals, for it is among them, that new loans are in general confined, will wonder very much, not that the demand for the various employments of capital, when no new loans are wanted, for I believe that during these last three years no money has been borrowed by government, though there is some now about to be borrowed ; I say he will wonder very much, not that the demand for the various employments of capital has not encreased, at all, during this time, from the vast accumulations of interest, which would become a new capital every year in the hands of these opulent individuals, and require employment as such : but he will wonder that the demand, and consequently the price of every employment of capital, under these circumstances of extraordinary competition, which would that arise, to say nothing of which is derived from the annual million, has

not increased, in a degree hitherto unexampled in that species of progression. And indeed to place our situation upon a level with former situations, it would be necessary that they should so increase: our burthens are greater now than ever they were; our prosperity, therefore, of which this is a principal criterion, should be proportionably greater: If it is only the same, we may not triumph; if it is less, we may be dissatisfied; if it is none at all, we may despair. It would then require scarcely any effort to push us down the fearful precipice upon whose ridge we are now treading, though we are unacquainted with the danger which lies immediately under our feet.

RECAPITULATION.

RECAPITULATION.

IN the foregoing pages, I have endeavoured to prove, I might say without presumption that I have actually demonstrated, that although more than three millions have been issued from the exchequer, for the purchase of stock, and the discharge of so much public debt, yet that in fact no public debt, or at least a sum so inconsiderable as not to be worth mentioning, has been discharged ; for that in this same time more than three millions having been received at the Exchequer, on account of *debts due to the public*, and not on account of taxes, the application of the said money, was in fact only executing an old set off which had existed in favour of the public against the same quantity of its general debt, ever since the time when these debts first became due to it, and therefore cannot by any even ministerial sophistry, be deemed *an original payment* of any part of the public

public debt : I concluded from this very simple fact, that no surplus of a million over and above the annual expenditure, could during the last three years, have existed ; for that if such surplus had existed, then not three, or a little better than three, but six, or a a little better than six millions of the public debt would have been discharged in this period of time.

My next proposition was, that a deficiency of three hundred thousand pounds, having appeared in the last year, not so much in the general amount of all the taxes, which might vary from year to year from the operation of transient and perishing causes, as in the particular amount of those taxes which are levied upon the consumption of the great body of the people, we had little reason to presume but that this deficiency was more properly referable to a permanent, than to a transient cause ; for that there could be no reason to hope, from the circumstances of the case, and the probable determination of things, that the consumption of the great body of the people

people would be greater, in the present or in any future, than it was in the last, year, but much reason to fear that the operation of the same cause would rather be extended upon a larger, at best that it would not be confined within a smaller, scale. I then connected this very alarming decrease in the consumption of the great body of the people, with a suspicion that it was occasioned by a declining capital, that could not maintain so much industry, which is the parent consumption, in the country as it was wont to do ; and I confirmed in some sort this suspicion by stating an event, which is known to exist, and which must operate in the way of reducing at least the *growth* of the capital of the country, supposing it, that, which I think I have demonstrated it is not, growing. In the course of my argument I entered into a little disquisition concerning the means, by which the different nations of Europe, and particularly Great Britain, have hitherto escaped that ruin and bankruptcy which would be the certain fruit of all the accumulations of debt, which for more than a century past, they

they have been heaping upon themselves with an increasing profusion. The cause of this I referred, not without assigning sufficient reasons, for it, if the reader will be pleased to recollect, or reconsider them, to the continually progressive state of prosperity, which every such nation, Great Britain in particular, had enjoyed during those intervals, wherein its prosperity undisturbed by any external violence, had room and opportunity to declare itself in sensible effects: I concluded from hence that a progressive state of prosperity in all such European nations, particularly in Great Britain, was a state of nature; since that which is customary, is natural: and I deduced moreover that since it was by these means, only, that we had hitherto escaped the ruin which would otherwise have overtaken our improvidence long since; so when these means failed us, and our situation became only stationary, the case was indeed become very bad, I had almost said desperate. Having done this, I considered what were the symptoms of increasing prosperity in a state: the principal of which I stated to be

be an increasing capital. But the evidences of an increasing capital were an increasing consumption, and a continually increasing price of all the various employments of capital. Our consumption had declined, and admitting even that the price of the various employments of capital had not declined, yet they have not during the three last years, no inconsiderable time, certainly too much to be intirely lost, increased, notwithstanding an artificial competition has been created of a million every year, which is forced out of one, to seek some other, employment for itself. I concluded therefore that our capital could not during this period have increased: but I insisted that from the operation of a particular circumstance, which I stated, and also that from the extreme exigency of the case, our capital ought to increase in a very extraordinary and unexampled degree. Let the reader make his reflections!

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